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Please see attached for the S1 SAC HS hearing transcript from last week. FYSA

Thank you

Kim

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SENATE COMMITTEE ON APPROPRIATIONS, SUBCOMMITTEE ON HOMELAND SECURITY HEARING ON DHS' FY 2018 BUDGET REQUEST

May 25, 2017

SPEAKERS:

SEN. JOHN BOOZMAN, R-ARK.
CHAIRMAN

SEN. JOHN HOEVEN, R-N.D.
SEN. LISA MURKOWSKI, R-ALASKA
SEN. RICHARD C. SHELBY, R-ALA.
SEN. THAD COCHRAN, R-MISS.
SEN. LINDSEY GRAHAM, R-S.C.
SEN. JAMES LANKFORD, R-OKLA.
SEN. JOHN KENNEDY, R-LA.

SEN. JON TESTER, D-MONT.
RANKING MEMBER

SEN. JEANNE SHAHEEN, D-N.H.
SEN. PATRICK J. LEAHY, D-VT.
SEN. PATTY MURRAY, D-WASH.
SEN. TAMMY BALDWIN, D-WIS.
SEN. JOE MANCHIN III, D-W.VA.

WITNESS:

SECRETARY JOHN F. KELLY, DEPARTMENT OF HOMELAND SECURITY

BOOZMAN: I call this hearing of the Subcommittee on Homeland Security in order. This is my first hearing as Chairman of this Subcommittee, and it is the Subcommittee's first hearing to review the fiscal year 2018 budget request, which was submitted to Congress earlier this week.

I want to begin by thanking the Secretary of Homeland Security, the Honorable John Kelly, for being with us today. We know that you are very, very busy and again, I appreciate you being here.

Secretary Kelly, we do understand the demands on your schedule, and your testimony in what is your first appearance before our Subcommittee in your new role.

I would also like to welcome our Subcommittee's Ranking Member, the distinguished Senator and friend from Montana, Senator Tester. I am also pleased that Senator Leahy, the Vice Chairman of the full Committee has joined us.

The Department of Homeland Security plays a pivotal role in keeping Americans safe by working to combat terrorism, manage our air, land, and sea borders, administer our immigration laws, secure critical cyber-assets, and prepare for and respond to disasters. The tragic events in Manchester, England earlier this week remind us why we must focus on the serious challenge of securing our homeland.

Mr. Secretary, you've dedicated your career to serving our national security interests, and in just a few months, you have proven your ability to lead this Department during a very challenging time. This Subcommittee will work to support you and the men and women of the Department, who are working every day to keep us safe.

The Department has been called on by this President to refocus its resources on certain national security risks and to redouble efforts to enforce our immigration laws. We look forward to learning more about how the Department proposes to address these needs while ensuring we do not neglect the other critical missions of the Department.

This budget request gets many things right.

We've seen over the past few months that border security and immigration enforcement are closely related. As the new Administration is demonstrating, there are consequences for those entering and staying in the country illegally, with illegal border crossings dropping to historic lows.

Your budget proposes increased funding for Customs and Border Protection and Immigration and Customs Enforcement Service for both manpower and infrastructure, to continue to reduce illegal border crossings. In order to better understand these requirements and make the right choices, the Subcommittee must get a more comprehensive plan from the Department that details how we can be smart about investing in border security and interior enforcement.

Another key component to securing our borders is the United States Coast Guard, which this budget generally supports. In Fiscal year 2017, this Subcommittee delivered significant investments to enhance the capabilities of the Coast Guard. We identified funding to continue the modernization of the surface and air fleets, and we partnered with our Defense Subcommittee to begin acquisition of a new polar icebreaker.

We'll have to work again to provide the resources necessary to enable the Coast Guard to continue protecting our borders, interdicting illegal migrants and drugs, conducting search and rescue missions, ensuring the safe navigation of our waterways, and maintaining our defense readiness.

This budget proposal appropriately acknowledges that the Federal government's cyber-network is under constant attack. I am pleased to see that the request has prioritized funding for all four

phases of the Continuous Diagnostics and Mitigation Program. Other Federal agencies must move past the initial CDM kick-start provided by the Department and begin properly budgeting for their own investment and utilization of this system in order to realize its full benefit.

You've rightly noted in your testimony and through this budget proposal that the Department's workforce is its most valuable resource, and that taking care of the people that work to keep us safe each day is a top priority. I hope we will work together to ensure the Department can improve workforce recruitment, development and retention.

We are aware of the unique stresses caused by the intense 2016 presidential election campaign. Additional duties, increased travel, ongoing investigative work, and the inherent requirements of Presidential protection have stretched the Secret Service workforce thin. These are the brave men and women who put their lives on the line every day to protect our top leaders and to prevent interference with our most critical institutions. We are optimistic that the additional resources provided in the recently-enacted appropriations bill will make a real difference for the men and women of the Secret Service.

But workforce challenges span the Department. We need to hire and retain more Customs officers, more Border Patrol agents, more acquisition experts, and more cyber-professionals. We want to help you make the Department of Homeland Security the best place to work in the entire Federal government.

While this budget proposal makes some smart choices, there are also parts of it that are unworkable. Whether we're talking about a hard-working Arkansas family or one of the largest Departments in the federal government, when it comes time to develop a budget, tough choices have to be made. I have no doubt that many tough decisions were made in preparing the request, but many of the choices reflected in this budget put this Subcommittee in a difficult position.

For instance, it assumes statutory changes to programs that Congress would almost certainly be unable to enact before the end of the fiscal year. From the proposed increase to airline passenger fees, to the significant reductions to assistance for state and local partners, to the failure to invest adequately in research and development, this budget fails to take into consideration many practical realities.

We ask for your cooperation as we consult with you and your staff to make the necessary adjustments to allow this budget to work despite these significant challenges.

We will likely face a very tough appropriations cycle. We will certainly be urged to restore many of the significant reductions proposed by this budget, and absent some significant change to the availability of resources, we are not going to be able to fund all of the priorities it outlines.

Congress will have to make these decisions based on shared priorities and with an eye toward risk-based distribution of limited resources. We know we can count on your partnership and guidance throughout this process.

Again, Mr. Secretary, we appreciate your testimony and your willingness to answer questions from members of this Subcommittee.

I will now turn to our distinguished Ranking Member, Senator Tester, and then to our full committee Chairman, Senator Cochran, and then to our full Committee Vice Chairman, Senator Leahy, for any opening remarks that they may have before asking Secretary Kelly to proceed with his testimony.

Then we will allow each Senator seven minutes for any statements or questions they may have. Senator, Tester.

TESTER: Yes, thank you, Chairman Boozman. I appreciate your leadership and good morning, Mr. Secretary and welcome. We are here today of course to examine the DHS budget for Fiscal Year 2018 and I think, the importance of this budget is reflected in the fact that we have the Chairman and Ranking Member of the full Committee here today.

I would be remiss if I didn't first say that our thoughts are with the folks in Manchester, U.K. and those affected by a senseless act of violence last Monday. Before we get into your budget, Mr. Secretary, I want to note that the President's budget cuts on non- defense discretionary spending by \$1.5 trillion over 10 years including \$54 billion in FY18 in part to help pay for the proposed wall in the Southern border.

This is not a serious proposal and would be detrimental to the nation's security, small business, agriculture and education. Mr. Secretary, your department is one of the few non-defense discretionary agencies to receive an increase in the President's Fiscal Year 2018 request.

In total, the request includes \$44.1 billion, an increase of over \$1.7 billion over the Fiscal Year 2017 Act which we passed a few weeks ago, which was by the way \$1.4 billion over the previous year. The Department that you lead though has a multitude of diverse missions including Border and Immigration Security, protecting our computer networks from cyberattacks, making sure that air travel is secure, helping communities prepare for and respond to natural or manmade disasters and monitoring our coast lines and our waterways to save lives, intercept illegal drugs and prevent bad actors from invading our ports.

The lion's share of the increase for DHS is dedicated to Border Security and Immigration Enforcement. Coming on the heels of that \$1.5 billion in FY17 Omnibus. Look, I support efforts to strengthen our border, but it needs to be done in a smart way. I am concerned about what is missing in this budget when it comes to your other priorities.

Priorities like aviation security, maritime security, cybersecurity. Preparing our local -- our communities for natural disasters and the possibility of a terrorist attack. First of all though, the threat to aviation is very high. We have had classified briefings on this in fact, but we also see budget cuts to several TSA security programs.

Second, the budget realized on a faulty assumption that an unauthorized increase of aviation security fees will be enacted to offset \$530 million in budget authority. Third, this budget slashes FEMA preparedness grants by 30% and state and local training by 40%, while threats are more diverse than ever.

And fourth, and equally troubling, the research and development is cut by 21% at a time when we need to be developing leap ahead technologies ahead of our adversaries. I don't think there is a briefing that I go to, whether it's this or whether it's military that don't talk about the fact that our adversaries are advancing quicker than we are. To cut this budget does not make any sense to me at all.

Finally, on Border Security, we have all heard from the President, the wall, the wall, the wall -- and frankly, I think we need a better strategy. One that is more cost effective, one that focuses on proven technology, one that includes metric and one that respects private property rights. I haven't seen such a plan, but I guarantee you, I am going to continue to press for one.

We can't spend billions of dollars on a wall at the expense of local law enforcement, firefighters and airport security. And I am not convinced that the President's budget makes the investments needed to keep America safe. It is critical that the Appropriations Committee take the appropriate time to work diligently and pass a budget that strengthens our national security and secures our borders.

I know the Chairman has a commitment to that.

When I voted for your confirmation, Mr. Secretary, and I would do it again today, I said, you are one of the adults in the room that I am dependent on to make good decisions for this country's security. I still believe that. Thank you for being here and I look forward to this hearing.

BOOZMAN: Thank you, Senator Tester. Chairman Cochran.

COCHRAN: Mr. Chairman, thank you very much for chairing the hearing. We appreciate your leadership and we welcome the Secretary and we wish you all the best. We want to know what the priorities are for funding. We don't have enough money to do everything for everybody and I have a request to make of the funding when I was in this Committee. Thank you for being here. We are anxious to hear your comments that appropriate levels of funding and the priorities that we need, considering the writing of this appropriations bill. Thank you.

BOOZMAN: Thank you, Mr. Chairman. Vice Chairman, Leahy.

LEAHY: Well, thank you, Mr. Chairman and Ranking Member Tester and Chairman Cochran for the opportunity and a couple of brief opening remarks. Secretary Kelly, thank you for being here today.

There are many issues to discuss, not the least of which is the topic of today's hearing, the budgets -- the President's budget proposal which was just delivered to us on Tuesday including his plans for the Department of Homeland Security.

Now, Secretary Kelly, I have known you a long time and in my view, I knew you when you were in the Marine Corps, so I hope -- I know that marines were expected to speak frankly. I think this budget proposal can be summed up pretty quickly as dismal. I am not surprised that the budget before has proposed billions of taxpayers' dollars to build a misguided wall on the Southern border and to fund the President's deportation force.

Executive Orders mandating these things are among the first things that President Trump did when he took office. Authorities may have fulfilled a promise in the campaign, but neither is going to do much to enhance our national security or our homeland security. More efforts to comprehensively address the concerns, the valid concerns for the immigration system instead of focusing on real threats.

The Administration sought to demonize immigrants, demonize those of certain religions, drive them into the shadows, isolate our country, alienate our trading partners to the north and south and throw taxpayer money had a problem. It requires a serious and meaningful and realistic and practical solution. I am sure you came here today prepared to talk about the Southern border.

I hope you are prepared to talk about the needs along the northern border as well, for most of the border state. I live an hour's drive from Canada. Our largest trading partner is Canada. Our communities thrive on economic infusion we get from Canadians coming to Vermont to ski, to swim, to explore our great Lake Champagne and to do business involved in numerous manufacturing jobs in Vermont.

But Vermont is taking a hit because of the President's action. Our economy is weakened by his action. Fewer people want to come visit and spend money in our state. I hear story after story of problems crossing our border, which I mentioned is only an hour from my home. The kind of delays they are having, delays they cannot understand and for all this, we are not more secure.

Meanwhile, the Trump budget cuts billions of dollars from food and nutrition systems, medical research and affordable housing programs, heating assistance, victim and support programs, legal services, education programs; slashes foreign assistance, assistance that Defense Secretary Mattis has said is critical to our national security.

Now, the President may claim this budget advances the security of the American people, in reality, it makes millions of Americans less secure in their daily lives. Sir, I said, I have known you a long time, I supported your nomination. But this budget, this budget is really a disservice to the American people and as Vice Chairman of this committee, I am going to work with Republicans and Democrats to put together a budget that puts Americans -- puts Americans first and Mr. Chairman, I thank you for the opportunity.

BOOZMAN: Thank you, Senator Leahy. Let's go ahead and go then to our questioning phase and Mr. Secretary, while it may be too early to declare a victory, it is worth noting that the posture you have taken at the at the Department has resulted in the lowest rate of illegal border crossings we have ever seen.

The changes being remarkable -- I am sorry, we need your testimony first. So let's go to the testimony. As you can see, we are anxious to get out of the blocks. We have got lots of questions, but again, we need to hear from you first.

Thank you.

KELLY: Yes, Senator and Chairman Boozman and Ranking Member Tester, and all the distinguished Members of the Committee and Subcommittee, it is a pleasure to be here to answer questions, but most importantly, in my mind to represent the men and women of the Department of Homeland Security.

I believe as I know you do that the role of government first and foremost is to secure its people. The security of the homeland is one of prosperity where legal trade and travel add to our national economy.

Where legal trade -- a secure homeland is one of freedom where American citizens can go about their lives without fear and a secure homeland is one of laws which we enforce to keep our communities safe.

And so it is a great honor and privilege to appear before you today to discuss the men and women of the Department of Homeland Security and the critical missions of they carry out every day in service to the nation.

On a sad note, and one that makes the point tragically, just last night, we have lost one of our CBP officers down in Texas in El Paso stabbed repeatedly in the face by a cartel member that he identified himself to and he lost his life.

The President's Fiscal Year 2018 budget request for the Department of Homeland Security is never enough, but I think is sufficient to allow me and the men and women to do our jobs. We know that the threats are out there. We know that our aviation transportation system in particular is a top prize in the eyes of terrorist organizations. We know the transnational criminal organizations are bringing drugs across the borders in massive amounts by land and sea and air.

We know that our nation's cyber systems are under constant attack. We know that natural disasters devastate American hometowns. We also know that DHS is up to the job of protecting the United States against all of these threats and many, many more.

Just last week, the Coast Guard cutter Hamilton offloaded more than 18 tons of cocaine that they had seized in international waters off the Pacific Ocean. That's roughly the weight of nine cars and is worth an estimated half a billion dollars. The week before that, May 8th through May 14th, TSA discovered 76 firearms in passengers seeking to board an aircraft -- loaded firearms. In six weeks, ICE arrested more than 1,300 gang members in a nationwide gang enforcement operation.

We are making a difference. We are making our nation more secure, but we need a fully funded budget that matches our mission without continuing resolutions and I think this budget approaches that.

The President's FY2018 budget request of \$44.1 billion in net discretionary funding for the Department of Homeland Security, and it also requests \$7.4 billion to finance the cost of emergencies and major disasters and FEMA's Disaster Relief Fund.

When you are talking about numbers like that, it's easy to lose sight of what is behind each and every dollar, but when you get right down to it, behind each and every dollar are hard-working men and women who have dedicated their careers to protecting the American people. They are taking dangerous criminals off of our streets, they are keeping terrorists out of our country and drugs off of our streets.

They are investigating crimes with international implications. They are making sure passengers get to their destinations safely. They are responding to devastated communities in the wake of natural disasters. They are patrolling and maintaining our nation's waterways -- waterways that support \$4.5 trillion in economic activity every year.

Every dollar invested in the men and women of DHS and every dollar invested in the tools, the infrastructure, equipment, and training they need to get the job done is an investment in prosperity, freedom and the rule of law.

It is an investment in the security of the American people. There is no greater responsibility as I have mentioned in a time of no greater need. I would be remiss if I did not mention the terrorist attack in Manchester as you did. Our friends in the U.K. suffered a terrible loss. Their enemy is our enemy.

U.S. government continues to work furiously with the British, the FBI, the intelligence community, DHS and others who assist their investigation in any way we can.

For my part, I immediately called the Home Secretary, offered our nation's condolences and asked if there was any help we could -- that they were not getting from the United States. I want to assure you that as this enemy is evolving, becoming more reprehensible even targeting children, DHS is working every day to meet the threats.

I appreciate the opportunity to appear here before you today. I thank you for your continued support. I remain committed to working with Congress in protecting the American people and so I stand by to answer any questions.

BOOZMAN: Thank you, Mr. Secretary and we appreciate your testimony very, very much -- this and your written testimony. While it may be early -- to early to declare a victory, it is worth noting that the posture you have taken as a Department along with the hard work of the men and women of the agency has resulted in the lowest rate of illegal border crossings that we have ever seen.

The change has been remarkable. Your budget request increases funds for Customs and Border Protection to secure the Southwest land border, but your entire Department is tasked with keeping bad people and bad things out of the United States. And the question I had -- is it correct to think of what is being referred to as the wall, as an entire border security that includes people, technology and physical barriers intended to control who and what comes in to the United States?

KELLY: I'm sorry, Chairman, I missed the part of the question.

BOOZMAN: Well, again, the wall of which we hear, you know, constantly referred to -- is it correct that this security system is part of the entire, you know, apparatus that includes people, technology, physical barriers to control who and what comes in the United States?

KELLY: Yes, sir. As I am sure the Senator knows, the Committee knows that right now, we have about 650 miles of the border covered with some type of physical barrier. Where there is physical barrier, where it makes sense, it really does work.

The first thing I did and I continue to do on this topic and many others is to talk to the people that actually execute the policy down on the border. So immediately after taking office, I visited the Texas border, the Arizona border. I have been back down a couple of times to visit additional border sites. I have spoken to Mayors, big city Mayors or mayors down along the border. Obviously, the police officers, local law enforcement as well as the -- my people, CBP -- Customs and Border Protection.

They all believe that physical barriers in certain places would really enhance the security mission that they do every day. So we have 650 miles of some type of barrier there now. We want to improve on that. I am already asking, as I say the CBP professionals where do you want wall right away? In some cases, they say, "Sir, the part of the border that I patrol, we don't see much need for a wall in this region."

And in other places, they are very precise. They say, "Sir, if you can give me like 13 more miles of wall, or 26 more miles of wall..." When I say wall, physical barrier. So they know what they want and I want to support them. In South Texas as an example, down in the southern Rio Grande Valley, a wall-wall concrete structure makes sense because actually, there are walls there now and it reinforces the levy system in that region.

There are other parts of the border, where we already have what is called bollard fencing that are up. It's a -- picture a big metal fence, kind of picket fence. The member of CBP generally speaking wanting to be able to see through this structure, whatever it is for two reasons. That they see people congregating on the other side or movement on the other side, by the same token, people on the other side can see them and they are deterred from trying to get into the country.

So we are looking at it. I think the Committee knows that we have -- we are working with construction proposals right now to decide what works best and as I say, in some places, it may be a concrete structure, in other places, a metal barrier -- the fencing type structure. We are looking at that. And then throughout all of that of course, we need the professional CBP working in the border whether there is a wall there, a structure there or not, and then technology plays in this as well.

So the whole structure or the whole issue of border protection in my view does in fact require a physical barrier where it makes sense. Certainly, technology where we can employ it and then finally, backed up by the patrols, by the great men and women of CBP and the rest of DHS.

BOOZMAN: Very good. Thank you. Mr. Secretary, the recently enacted Appropriations Bill requires that you provide a comprehensive plan to Congress that details exactly how we intend to secure the Southwest land border and you talked about a little bit then, do you anticipate this plan will call for different solutions at different places.

So as you mentioned, at some point, I guess what we would like to know is when we would receive that plan, we're very interested in actually seeing that on paper. I understand the concept. I think what you said, the Committee would agree with that we have got all of these things really including the personnel, whether it is research, cyber -- all of these things after done with securing the border, but at what point will we be able to actually see the plan?

KELLY: As soon as I can complete it. I am not making any joke -- it's -- you know, 2,000 miles of border, you know, literally as I say, there are places where we need either technology, more people or physical barrier. There are places that the CBP tell me, "Sir, we need it right away." There are other places that we don't need it for you know, a year or two or three.

So as we put that plan together, we will come up, brief it and I think you will be impressed.

BOOZMAN: No, I think that's an excellent answer. Again, the fact that one size doesn't fit all as you look at the challenge. The Federal government's computer networks are under constant attack. We have worked with the Department to ensure that continued deployment of capabilities, continue continuous diagnostics and mitigation, but remain frustrated by the Department's inability to maintain a predictable schedule and to urge other agencies to chip in and adopt the technology.

Are we making progress towards meeting phase three and embarking on phase four of the CDM program? Also, what is the Department doing to encourage other departments and agencies to assume more responsibility for the funding of CDM beyond the initial phases?

KELLY: It's not moving fast enough. A hundred and twenty days in the job, it's a priority. Clearly, it's a priority for the President. One of the things that -- not that I needed the help because there is a new team, a fresh team in place that recognize the issues and the threats of -- when I say a new team in place, everyone from -- well, all of the department heads, my fellow Cabinet members throughout the government.

So they understand the threat. They understand the need for it, of course the President put out a cyber Executive Order, but we are pressing forward on that and I know you are frustrated. It is one of those things that we are working very hard to change. In fact, I would just mention, to try to change the -- we are changing the attitude within my Department towards this institution, that is the United States Congress, the one that was constant during my period of office calls and whatnot, in my confirmation process was my department, our Department was the worst for responding to Congressional inquiries and ledgers and things like that.

I hired the best Congressional type liaison that I knew, that I know, they are in place now. We are leaning forward and I promise you that our response will be much better than it has been in the past. That's not to say that our predecessor was anything other than a great professional, but

we do have a new attitude towards not only the Congress, but the press and we are trying our best to respond and frankly, just anecdotally, I have talked to a few senators, a few congressmen about it and they said, "You have actually gotten much better." Much better is nice to hear, but it's not enough for me, so...

BOOZMAN: Well on behalf of the entire committee, I know that's encouraging and we appreciate you doing the very best that you can to get back in a timely manner. Senator Leahy?

LEAHY: Thank you, Mr. Chairman and Secretary Kelly, I won't start off in discussions about building the wall asking if the check is in the mail from Mexico. But you can keep watching the mail, I don't think it's being sent by express mail.

Now, on the campaign trail, President Trump promises support as a total and complete shutdown of Muslims entering the United States. And when he has taken office, he has twice tried to block individuals from six Muslim majority countries from entering country. I mention that not as a polemical thing, but the practical effect of it, it actually has an effect on Vermont's economy.

See, we bordering Canada. One Vermonter recently wrote to me about the Toronto School District's ban on student trips to the United States because of what has been said about Muslims. And as this Vermonter writes, Vermont relies heavily on Canadian student destination trips as a driver of the more than \$3 billion that the tourism sector generates within the state. This is a state of only 625,000 people, so the \$3 billion is a big factor.

Other Vermont inn keepers and resort operators, and restaurant owners have contacted me about the cancellations they have received from Canada. The President claims his blanket travel ban is necessary for our national security because individuals from certain countries pose too great a risk of terrorism. I have never felt terrorized and I have gone to Canada even with my limited French in the province of Quebec, my wife's relatives treat me with some respect -- is citizenship alone without any additional evidence a reliable indicator of the terrorist threat?

KELLY: Citizenship alone, no sir.

LEAHY: I asked then Director Comey this same question and he gave me the same answer. Your Department from the Office of Intelligence and Analysis concluded that citizenship is unlikely to be a reliable indicator of potential terrorist activity any more than it was in -- one of the biggest terrorist acts in the United States, the Oklahoma City bombing.

Now, I also mentioned earlier about our border crossing, hardly a week goes by, sometimes, not a day goes by without a Vermonter or Vermont business let me know about long delays at Vermont's Highgate port of entry, these (weak) time are impacting not just tourism but business very substantially.

And I know that since 2009's CBP in Vermont has lost 25% of its staff in ports of entry. I know many of the people who work there, the (present) men and women, it makes it harder to do their job. And then they have long lines on top of that with travelers who are so used to going back and forth between Vermont and Canada or upstate New York and Canada. They can get pretty angry. That doesn't help with the whole thing.

So I have been asking since the beginning of April, I have been asking CBP to brief my staff about how they plan to improve the situation at Highgates, I haven't been able to get a response, but finally this week, probably they knew I might ask that question to you here, they scheduled a briefing in June. I want to know, will you look at this problem at our port of entry and will you see if there is some way to address it so we don't have these delays, which actually almost seem insulting to our friendly neighbor.

KELLY: Absolutely, sir. And let me say, I apologize for that and I will have someone over here this afternoon to brief your staff on this topic and I know Ben Cassidy right now is texting someone over CBP to do just that, so you will have someone over here this afternoon.

LEAHY: And you know how the amount of respect I have for Coronel Cassidy, so I will look forward to that. I think we need more officers on our Northern border. We always address the Southern border and I understand the reason for that. I am not disparaging that, but the Northern border for example Canadians use a camera system to process the NEXUS lane as opposed to a staff -- booth. Have we even considered something like this in the U.S. inbound NEXUS lane using a camera system rather than -- when we are short-handed anyway having it manned?

KELLY: Yes, sir. We will be looking at all -- I mean, there's a whole series of things we are looking at, technology-wise, facial recognition technology and that kind of thing. We are already working inside Canada to preapprove vehicles. I mean, they are really hitting it very, very hard. I was just -- I had been to Canada since I have been in the job, I was on the border. The good news is, our border with Canada is the -- to use their term -- the finest in the world, meaning, it is about as open as it can be.

Now, it's not totally open obviously, but at the ports of entry trying very, very, very hard to improve as I think the Senator would agree as over the years, as commerce has increased with Canada, we are probably not far and not up front on this kind of measures to speed up the passage.

One of the things, certainly the President told me when I took this job, the one point -- you know, a number of discussion points about the borders and what I should do and what I should perhaps not do, but one of the things he said, "We have to not impede the normal legal, human and things traffic, vehicular traffic through the border. If anything, we should speed it up."

So I have got that border -- if we -- when we get a Commissioner approved that will be his number one task for me to look at the ports of entry and do the best he can, the best we can to improve the efficiency and the movement working with both Canada, Mexico and I should say, my time is up, but what I should say is that my relationship with the Canadian -- my counterparts in Canada and in Mexico, just couldn't be better and are getting better every day.

So regardless of what you might hear back and forth at the higher levels than me, we are working shoulder to shoulder with our Canadian brothers and sisters and Mexicans as well, not only on the movement of commerce, immigration, but also just other aspects of border security. It is an amazing amount of collaboration.

LEAHY: You know, from your own career, in a number of countries they have to fear militarily and all, countries on their borders. We are fortunate to have countries on both our borders where we have open commerce, families and everything else. I don't want to change that and I will submit the rest of my questions for the record, but I also want to talk to you at some point about the so-called Sanctuary Cities. I don't want to cut law enforcement in these cities to make a political point because in the long run, we are all going to suffer.

KELLY: Neither do I, sir.

LEAHY: Thank you. Thank you, Mr. Chairman.

BOOZMAN: Thank you, Senator. Chairman, Cochran.

COCHRAN: Mr. Chairman, thank you. I join you in welcoming and expressing our appreciation to the witness who is helping figuring out the appropriate funding levels for the activities under the jurisdiction of the U.S. Army Engineering Research and Development Center in Vicksburg, Mississippi. We have supported research requirements for the Department over the years at that site and most notably, there have been successes in new developments of technologies, in critical infrastructure and protection for our guards, for all Federal laboratories and research centers that contribute to our knowledge of how to do a better job of assuring our safety and security.

I want to ask you the response you have about this question that the facility in Vicksburg which covers the entire nation in terms of producing solutions that face us in our ever changing threats to our national security. Will these resources continue to be actively utilized?

KELLY: Sir, in our quest to stay out in front of the threats whether it is, you know, a government run lab financed or the civilian industry, whether it's a defense industry, a technology industry, techno industry, we are in a never ending quest to buy the right kind of equipment or get the right kind of capability to protect the nation.

So, I am not familiar with the lab, but we will certainly get some answers on that, I can get back to you with an answer in more detail. But again, we are -- every good idea in my mind is a -- every idea is a good idea until we prove it to not be useful. It is a constant quest. I have an S&T -- Science and Technology Section within that that is just world class and they are in contact with every conceivable lab and industry and when we say we need something as an example, we are looking for kind of the technology of the next in terms of aviation safety and they are already beating the bushes worldwide to look for the kind of technology.

So we are very open to good ideas from any source.

COCHRAN: We appreciate very much your leadership in the research effort and we commend you and those who work with you for helping make sure we have what we need in order to make our nation safe and secure. Thank you.

KELLY: Thank you, sir.

BOOZMAN: Thank you, Mr. Chairman. Senator Lankford?

LANKFORD: Thank you. Secretary Kelly, good to see you again. I am glad that you are here. I would ask from our Committee and from my family that you continue to express the condolences to Agent Morales and his family. That is heartbreaking for all of us to be able to see that kind of news and it is difficult for your entire team.

It has reminded me yet again though, this week, as I have gone through just the hearings this week how many times your Department has been a lead player in a lot of the conversations in these conversations that I have had this week on the Hill. Whether that be MS13 gangs and the movement of those gangs from Central America across all of the United States and what is happening, Fentanyl coming in to the United States and your Customs and Border Patrol folks trying to interdict that in the mail as it comes from China.

Cyber issues as DHS is engaging with cyber protection for all of our U.S. government systems or whether that be immigration. You have people in the frontlines of just about every major issue we are facing as a nation right now. So I thank you for the work that you are doing and for the encouragement that you can put on those men and women who are doing that.

Let me ask you a whole series of questions, I am going to run through as many as I can as we have time for. I mentioned the cyber issues and the cyber protection. DHS has a responsibility for U.S. government systems and computers, tell me what the conversation is right now and the planning for looking at supply chain, software, hardware and the planning for keeping all of our government systems safe?

KELLY: Senator, thanks for the condolence comment. It means a lot to the work force and you are right, they are heroes. Relative to cyber -- you know, the threats is constant as you know, I don't need to go into all of that, but we need to up our game. You know, the ransom ware attack that the world suffered a little over a week ago, what was really impressive to me when you say that we play across a spectrum of threats, what was really impressive to me in all of the high level meetings I was at at the White House on this topic as we watched that threat go across the world into Asia, millions of infected systems, how almost every part of every conversation ended with, "DHS is in the lead. DHS has got this."

You know, there is NSA and FBI-- I mean, there is a lot of tremendous defensive organizations within our government, but on that particular point the fact that millions I believe of systems were infected around the world and it barely got into the United States. A handful of individual computers and that was a direct result not just DHS, but to a large degree, DHS in how that was detected initially, how we, working with our partners outside of the U.S. government as well as inside, pretty impressive.

As far as U.S. government goes, we have to up our game.

LANKFORD: We did.

KELLY: We have a lot of -- you know, there is an EO from the President holding everyone accountable. I would say this, inside of this administration, I have not heard more discussion on anything else than cyber so people have got it, Senator.

LANKFORD: We want to be able to work with you on that. The concern is, it is that of the many things that you are doing and it is quite a bit, to be able to protect the nation, that it is easy for that to get destructive because it is complex and expensive, quite frankly. But for someone who has the point on all of our systems across all of government, it is exceptionally important to us to be able to stay on that on our supply chain in how we are managing software and hardware on it.

Give me the status of the funding that has already been given to your agency on border wall? There is a request pending for a larger segment, but this past session, there was a request made for repairs on existing walls, and that's 650 miles of walls, new gates and some other things that need to be done. What is the status of that and the use of funds?

KELLY: Well on the repair of the fence, 650 miles generally speaking it is all fencing and it does work and it is exactly where it needs to be that is why it works. It is effective. We want to repair that, it had been done along that part of the border a couple of times now and the officers again rely on that fencing and there are places where we need to fix it, some places have been washed away, other places have been cut and repaired so many times that you know, it's kind of failing.

So we will spend the initial money that we received now three weeks ago in doing that. As far as the request that is in this budget, to start looking at putting in a limited number of miles. I think you will hear from my comments about we are looking where we have got a competition out there to decide what exactly we are looking for -- wall, bollard fence and everything in between.

LANKFORD: That's fine. And the issue of the future construction of these things obviously is pending on good maintenance of what we are doing right now.

KELLY: Exactly right.

LANKFORD: We have got to be able to maintain what we already have with that 650 miles and I think, we can continue to be able to expand out from there. So I think that was Congress's initial statement of while we are working on the details for the future, let's at least repair what we have and make sure that it is in good working order. Where are we in the conversations on the hiring process? This has been one of the great challenges for our Customs and Border Patrol in particular that we are well over 400 days for the hiring process, what's the conversation right now?

KELLY: We have reduced the number and it is astounding to me that it takes 400...

LANKFORD: It's astounding to us.

KELLY: Unbelievable. I think we have got that down by you know, two-thirds now, where we expect to have it down by two-thirds. We are looking at some of the issues. We are not going to lower the quality of the officer or the individual that we take in whether it is ICE, Border Patrol, Secret Service, it doesn't matter. And we will not skimp on their training. That consequently we will grow the force as fast as we can grow it, but not skimp on quality in training, but we have the hiring and I will have get back to you specifically, but I know it is down significantly than the observed 400 days.

LANKFORD: Right and we just passed out of a different Committee on the Homeland Security issue trying to get permission for DHS to be able to hire individuals into those roles that already have background checks compliance coming straight out of the U.S. Military or out of law enforcement that are in good standing to have an expedited process which we think is a very reasonable proposal on that.

You and I have spoken before about the REAL ID, which is clearly something you inherited from decades back to able to watch and monitor. There are several states including mine that are waiting on information that is due to us before January 6th. We have a temporary extension that expires at that point and everyone kind of leans forward as we are getting closer and closer to January 6th to try to see when that notification will come out. Do you have any idea when notifications will come out for those affected states?

KELLY: It is only a small number of states now that are...

LANKFORD: Right, I happen to be one.

KELLY: Yes, sir. I know -- that are lagging behind. We are in contact in some cases, I am personally in contact with the mayors, particularly those states that are frankly likely not going to be able to pull it off in my -- in a couple of cases now, I have offered to the Governors rather, to send out members of my team to help them evaluate where they are and where they need to go.

So we have done that. Where a state can get to the point where they can accomplish the REAL ID requirement, extensions would come.

LANKFORD: Our state is one of those states that there was a pending piece of legislation to be done, that piece of legislation was completed in February, but we still have not received our extension yet, so as far as we can tell, what we needed to be done has been done for several months but we are still waiting on answers and that time is coming very, very close.

KELLY: I am on it.

LANKFORD: That would be terrific. Thank you. Thank you, Mr. Chairman.

BOOZMAN: Thank you, Senator Lankford. Senator Manchin?

MANCHIN: Thank you, Mr. Chairman and Secretary General, let me just say that on behalf of myself and many of my colleagues, I am here tell you that we are so proud that you have agreed to serve in this position makes us all feel a lot better, so we are very proud in every one of your co-workers that work with you, not for you, but with you and I understand that a good leader has people with him and not for him.

I appreciate all that hard work. I want to go just a couple of questions on the guts of the organization. Your organization, the CBP, is the second largest revenue collection agency next to the Internal Revenue Service. A lot of people don't understand that. But it troubles me because our retrospective duty collection system, we are the only country that does it retrospectively and

what that means, we do not require importers to pay a calculated dumping duty at the time that the merchandise is imported into United States.

Instead, after importation, the importer can request a review to determine the exact amount of duties to collect based on a level of dumping that occurred during a previous review period. In fact, we're the only major user of anti-dumping countervailing duty trade remedies that processes duty payments in this manner. Most countries collect duties at the time of import. Unfortunately, once the International Trade Commission and the Department of Commerce assesses the final duty and inform the proper -- and inform the importer, they will now have to pay back these duties, many of those importers simply disappear without paying.

So the lack of collection, because of our inadequate system, we don't know how much money we are losing. And I don't know if that has been brought to your attention at this level, but I would sure hope that you would look into this sir, because we think there is an awful lot of revenue left on the table -- a lot of revenue.

KELLY: Senator, I appreciate you bringing that up. I will look into it right away.

MANCHIN: We found out that there is currently \$2.6 billion in uncollected anti-dumping duties, \$2.6 billion. Now, you know, we all kind of look at that fund, we all use it from time to time, which I know doesn't make your agencies real happy, but we like to make sure you have enough to do your job too. That's -- I just want to bring that to your attention, sir. It is so serious.

KELLY: Appreciated.

MANCHIN: And we would be happy to tell you what we found for your people here and work with you very closely.

KELLY: Absolutely, sir.

MANCHIN: Okay. Border security, I know everybody is talking about the wall. I like to know your assessment and your evaluation because of your former position, if Mexico was able to build a Southern wall on their Southern border, their Southern border, the threat of all of the gangs that come up through, of all the dumping that we get, all the drug trade and all of the other trade, if we were able to stop it, Mexico was able to build their wall and have tighter border controls on the Southern border, would that be effective? How helpful would that be?

KELLY: Senator, it would be effective and I have to really give a shout out to Mexico and I can't emphasize enough the relationship that my Department has generally -- and I have personally with the military in upper -- actually, the ministers within the government of Mexico to include some time with the President of Mexico, I can't give enough credit to the men and women that we work with and how hard they work.

So in the Southern border, when I was at the Southern Command, working with their military under the radar, quietly for a lot of different reasons, we helped them take a look see at their Southern border which of course is very narrow. A couple of hundred miles across.

MANCHIN: Yes, it will be very easy for them. Fulfill some promises made here.

KELLY: They have established actually a -- what they call the Southern Border strategy and last year, they stopped 160,000 migrants and turned them back humanely, processed them and turned them back. They have much different immigration laws than we do.

MANCHIN: They might be more receptive to building a wall.

KELLY: I think now, I think now they are looking even harder at their Southern border. The other thing we have done, Senator, is working with the government's -- particularly the Northern tier countries -- Guatemala, El Salvador and Honduras with -- I have a great relationship encouraging people not to come and what Mexico is doing, the illegal crossings right now are down 70% than what they were 120 days ago.

MANCHIN: Well, Mexico is keen with this thing right now. They really do their job, they want to do it well. They have a smaller border they can control them a lot better.

KELLY: Drugs are a different story. I mean, the amount of drugs -- the amount of drug money that is generated because of our demand in the United States is virtually unlimited. Unlimited to a degree that there is so much money available to either pay off officials in every country, to include our own, to pay off officials or simply have them murdered, or have their daughters murdered or their kids murdered. It is amazing.

So there is a corruption problem throughout people or an intimidation problem. Again, it's directly due to our drug consumption in this country. We need to get our arms around that, if for no other reason...

MANCHIN: My belief is, if we shut that Southern border down in Mexico between the United States and the Mexican government, we could have a better chance of controlling drugs...

KELLY: Much better...

MANCHIN: The drugs that come out of Mexico by itself.

KELLY: But demand, sir is...

MANCHIN: I know.

KELLY: ... hugely important.

MANCHIN: That's a shame. I think where Senator Lankford was saying is what I want to talk to you about, we had an open session with the Intel Committee so everything I am talking about is open source and I asked the question during our Worldwide Threats Evaluation, we had the FBI, NSA, DNI and CIA -- had all of our major -- your major co-workers and colleagues, and we asked the question about Kaspersky Labs. Kaspersky Labs -- this is an open source, do you know if you have Kaspersky Labs software in your system?

KELLY: I believe, we do.

MANCHIN: And do you know if -- I would like to get a report on this from you all, General, we have great concerns about. Thank you. As you know, this has been noted and also, if you would even go one step further with Kaspersky, could you find out if any of your contractors that you rely on is using the Kaspersky's software?

KELLY: Absolutely.

MANCHIN: With that being said, I have one other one -- the JITEC which is a Joint Interagency Training Education Center in West Virginia, I think you know about Camp Dawson, you know what we do there. You have been there in your former command, it's a tremendous chance for us to be able to train. Tragic events in Manchester, National Guard training is something we rely on. As a former governor, that's our first line of defense as you know and we would hope that you will look at Homeland Security for that type of facility training, it's already there. It is cost effective. It would be very inexpensive. It is very close to the Capitol as you know, the nation's capital here.

So we want you know that we are able, ready and willing to help in any way possible.

KELLY: We will take a look at that, Senator.

MANCHIN: Thank you, General.

KELLY: Promise.

MANCHIN: Thank you, Mr. Chairman.

BOOZMAN: Thank you, Senator Manchin. Senator Kennedy.

KENNEDY: Thank you, Mr. Chairman. Mr. Secretary, thank you for being with us. Thanks for your service both -- before or currently, and before you became a Secretary. I wanted to talk to you for a second about Sanctuary Cities. Every country that I am aware of has immigration laws and respects its border. We spend billions of dollars every year, so taxpayer money, trying to respect our borders.

We are a nation of immigrants, but we are also a nation of laws. But if you get across our border illegally and make it to certain cities in America, you can relax a little bit because the mayors don't want to enforce Federal law. And I know many of them have good lawyers and they can explain why they are not doing what -- why what they are doing is not a violation of the law in their opinion, but it's an attitude as much as anything else.

We have that issue in Louisiana with New Orleans as you know and our mayor has said publicly several times, he is a friend of mine, but I refuse -- I am quoting now, "I refuse to be a part of Trump's deportation force."

And this is America. You can believe what you want, but you can't choose which Federal laws you want to comply with. What are we doing about the Sanctuary City issue?

KELLY: Sir, pretty contentious to say the least, I would start off by saying in the hundred and twenty days that I have been the job, I have met -- every time I travel, Boston now in New York, Chicago, San Diego -- every time I travel, I will always meet with the mayor of the big city and the senior police officials and that includes when I go to smaller cities as well.

I have also interacted with the organizations here in Washington, you know, National Sheriffs Association, hundreds of sheriffs come in, Big City Police Chiefs Association, they all to a man and a woman, want to cooperate with the Federal government in terms of removing criminals from their municipalities. The best way to do this is for us to have access to their jails and prisons so when an individual who is an illegal immigrant is ready to be released, we simply take them off their hands. It's inconceivable to me why any public official would not want to do this.

We, for free, take them off their hands and send them away. Yet, the Sanctuary Cities are not doing that with us and the police officials, to a man and to a woman, are you know, they don't know...

KENNEDY: Is New Orleans cooperating with you?

KELLY: Yes. In a way that they have managed to work out a relationship with Homeland Security, so it is still going on.

KENNEDY: I don't understand what that means.

KELLY: Well, they will call us and give us a notification when someone is about to be released and we will send a team there. Sometime -- there is a limit to how long they can hold people, but yes, we are working with them. What is not happening in places like that is when it's not happening -- when we don't have access to jails and things like that, then we have to go into the communities to focus our attention on illegal aliens, which is dangerous for my officers and just as dangerous for the local communities.

The best way to do this is in the jails and Sanctuary Cities tend not to allow us to set up shop, if you will, in the jail. We pay for it or if they don't want to let us into the jail permanently, we will train at our expense their officers so that when someone comes in, they can do the paperwork and get the -- call us and we will come pick them up.

I don't understand why these so called Sanctuary Cities don't want to do it. In many cases, Senator, the mayors are claiming to their citizenry about it, but actually, they are not doing anything. In fact, more often than not, I will take to the mayors and say, "Well, look, this is what I want to continue doing with you. Are you good with that?" And if it is a successful conversation, they will say, "Sure," and that's a good relationship, but then they will still talk about the Sanctuary Cities thing.

Frankly, I don't really know what it means. I don't think anyone out there knows what it means, but in my case, I do not want to cut the tremendous relationship my Department has with law enforcement. So we will do quietly. We will do publicly, anyway they want, but it is insane to me why any public official would not want to cooperate with us to take dangerous criminals off the streets and out of their municipalities.

KENNEDY: I want to ask you about Mr. Secretary, the Jones Act, which I know you are familiar with. It's pretty simple. It's a statute passed by Congress. It says that if your ship or an owner of a ship and you want to move goods from point A to point B in America that ship has got to be built in the United States. It has got to be U.S. flagged. It has got to be U.S. crewed. And the way I read the statute in the case law is, there is no discretion. I mean that's the test.

And the ship either passes the test or not. Now, I'd like to get your thoughts about the Jones Act?

KELLY: The -- probably the first thing I was briefed on with the Jones Act when I took this job, so call that three months ago. The way it was briefed to me in short was the issue of supporting the oil and gas industry in whether it was U.S. flagged or not U.S. flagged, the way it was briefed to me, Senator by lawyers, it's not clear, you know, we're working on this. It is not clear exactly what the law says. I think it is a 1920 law and so, the way I was briefed was we could either use foreign flag or any flag or just American flag or we really, in the option three, and it wasn't to kick this thing down the road option, it raises what we really want to do is study this thing and come up with a comprehensive solution.

My only question is -- it always is -- okay, what's good for America? I don't care about -- frankly, I don't care about the industry and all of that, what's good for America? We don't know what is good for America. Let us study this. So this came up in my hearing on the House side yesterday. I went back. It was briefed to me that it was clearer than what apparently it is, so I went back to my folks yesterday afternoon and you know, said, get some definitive understanding of this. I will go back to drawing boards, if we are in violation of the law, obviously, we will change that.

But in the meantime, we do want to study this and come out with the right answer for America, so I guess, in short, I am on it, Senator. I appreciate you raising it.

KENNEDY: And I do, Mr. Secretary appreciate your careful approach. Just don't let your folks study it forever.

KELLY: No, I get it. Yes, sir.

KENNEDY: Thank you, Mr. Chairman.

BOOZMAN: Thank you, Senator Kennedy. Senator Shaheen.

SHAHEEN: Thank you, Mr. Chairman and thank you, Secretary Kelly for your service and let me begin by expressing my condolences to everyone at the Department particularly at CBP for the agent who was a killed. That is a reminder that protecting our borders like our other law enforcement positions in this country is a dangerous job.

KELLY: Thank you, ma'am.

SHAHEEN: You know, I know like the rest of America and the world, really, we have watched with horror at the events that happened in Manchester, England earlier this week and the -- as someone said yesterday in a hearing, it raises terrorism to a new level when they deliberately target young people.

Given those events, given what we know, terrorist groups have said about the taking the fight from the caliphate in the Middle East out to the rest of the world. I am very concerned about what I see in this budget that would dramatically cut preparedness grants for local states and local communities. I was Governor on 9/11, I can tell you that the support that we got from the Federal government to help us be better prepared to fight terrorist attacks was absolutely significant and we could not have replaced that in any other way.

I was also very disappointed to see the -- what appears to be a zeroing out of the countering violent extremism section of your budget, I know that that was just getting started and I had heard some reports that it was becoming more effective as it tried to address what is happening in terms of radicalization of Americans, some young Americans.

So I just want to express my concerns about both of those items in the budget because I do think that is a significant challenge for us as we try and address potential terrorist attacks and other terrorist threats in the United States. I do want to ask you about the heroin and opioid epidemic that we are experiencing.

In New Hampshire, we have the second highest overdose rate, death rate in the country. We are ground zero when it comes to this epidemic and while I know there are a lot of aspects of it and we are working very hard on treatment, recovery, prevention, interdiction, this is an area where CBP has been very important and I wonder if you could talk a little bit about what the CBP and the Coast Guard are doing to help us address the epidemic that we are experiencing throughout the country.

KELLY: I would start by saying that and I am putting some energy behind this even though it is not my job about the issue of demand reduction. So let me start with that. If we -- we have a very, very casual approach to drugs in the United States -- legal and illegal -- yes, we are the most overly medicated society on the planet.

SHAHEEN: Absolutely.

KELLY: When I was a kid and had my wisdom tooth out, they suggested I take aspirin if it hurts. Now, you will go home with OxyContin. A lot of reasons for that, but we are so overly medicated and that's part of the opiate problem today, but we have never had a drug demand reduction comprehensive program where the President leads it and Congress is behind it and National Football League is behind it and sports figures and Hollywood like we have say tobacco reduction, like we have for drunken driving and that kind of thing.

So it's really all about demand reduction, first issue.

Second, of course, those that do get addicted, we need to help them in terms of you know, rehabilitation or whatever, which the rehabilitation industry, I will tell you, the best way to get totally clean from drugs is to never start. So that's one aspect of it. The specific question, if we are trying to keep drugs out of our country, on the Southwest border, we have already lost. I mentioned before, I don't think you were here that a Coast Guard cutter that just completed its run down in the Western Pacific took off 18 tons of cocaine.

That's the place to get it.

We have a -- my view of Southwest border begins in terms of strategy begins 1,500 miles south, it begins first of all with the relationships we have with all of those countries with the exception of maybe Venezuela, less so -- we have not had a bad relationship with Nicaragua, but the partnerships down there to stop illegal migration is an example, the movement of people for whatever purposes into our country.

The amazing efforts that countries like Colombia put behind reducing the production of cocaine in their case and Peru is right along with them. Right up the isthmus, the relationships we have with countries that are working shoulder to shoulder and I have ICE people, HIS, Homeland Security Investigation people, as well as CVP people in almost every capital in the world. So we are working at well south of the Texas-Mexican border.

All of the heroin -- or 90-plus percent of it comes -- that we consume comes from Mexico. It is grown there, primarily in Mexico. The Mexican government is after it, but they are overwhelmed by the problem. We are working with them on it. We can identify the fields, tell them where to go and they are very, very cooperative.

So my point is, the real issue is to get at this problem where it is produced, the number one issue is the demand is to get it where it is produced. Again, on the high seas, the Coast Guard will pick up no less than a ton at a time. The Colombians got 450 tons last year before it ever left Colombia. Once it gets to the Southwest border where -- at one of our ports of entry, we are lucky, 10 kilos, so a ton at a time, by the time it gets to the Southwest border, we might get it, you know, kind of 10 kilos at a time.

But they are doing work. They are doing tremendous things. We are looking at ways to search as an example, more vehicles coming through the border. That's a balance though because the more vehicles you search, the longer the lines. But it's a very comprehensive problem. As far as DHS is concerned, we are hitting it pretty hard with relationships, with interdiction well south of the border, beefing up security at the ports of entry which is where most of these hard drugs come through and then of course, internal enforcement -- law enforcement, state and local enforcement. It is all a big comprehensive thing and no one person, there is no one solution to it.

But I will go back to the demand.

SHAHEEN: Thank you, Mr. Chairman.

BOOZMAN: Thank you, Senator. Senator Hoeven, our former fearless leader who is Chair of the Subcommittee, you are recognized.

HOEVEN: Thank you, Mr. Chairman and Mr. Secretary, thanks for being here and for all the work you are doing. In the budget, there is \$1.6 billion for 32 miles of wall construction along the Southern border. I am wondering why 32 miles? How do you get that?

KELLY: It's a start. As we go through the process right now, Senator, of deciding what that physical barrier will look like -- wall, bollard fencing, whatever -- and there is a competition, so we don't really know how much a mile of the barrier will cost. I mean, the bollard fencing is as I understand it, there are much disadvantages to that. There's disadvantages in certain places down along the border to put a wall in, but for the money that we -- it's a start. Not big funny -- and as we talked to our -- the professionals down there on the border, and asked the CBP folks, you know, if I could give you a wall, how much would you need and where would you want it? And the answers we will get back is, "You know, if you could give 12 miles here, 13 miles there," and there are places that will tell you, "We don't really need a wall here, sir. There is not much movement in terms of people," and so -- but it's as much as we can forward coming out of the gates.

HOEVEN: Well, I think you have described the wall concept very well where you talk about physical barrier, technology and people -- all of that is really necessary to have, you know, security, which is what we are after in terms of a wall.

Talk a little bit if you would about use of unmanned aerial systems on both the Southern and the Northern border and as you know, I have asked -- and you have agreed to come up Grand Forks where we have a Center of Excellence established there and one of the test sites for UAS and in fact, CBP is covering 900 miles of the Northern border all the way from the Western -- from Lake Superior all the way through most of Montana. So just talk about your plans in terms of utilizing UAS?

KELLY: I think the advantages of course of those types of aircrafts is they don't you know, they are relatively inexpensive. They fly for a long time. If you put the right sensor suite on them, you could see during the day, at night and then it won't get tired essentially and they are quiet lookers, but one of the problems we have if we use things like helicopters, helicopters are great for a lot of things, but from a surveillance point of view, they make a lot of noise and they can be seen and all.

I would like to think, I am looking hard at expanding the use of UAVs, but again, that's some time off, but expanding the use of UAVs, I think they are -- particularly on parts of the border, whether Southern border or Northern border, particularly where there is just no one there. There is very little movement where you know, it's an economy of force mission, right? You put your people and your assets where most of the movement is, but you don't ignore parts of the border, in this case, and it's a great place to use UAVs and other types of sensors.

HOEVEN: But you have success in border security. You create pressure in other areas and that is where the UAS can help you so much to cover areas where you don't have as much infrastructure or people or is remote or difficult and it's a day and night solution with infrared. And it also leverages your personnel resource incredibly.

We have a large conference in the fall which might be a great time for you to come up because we bring in the ground force all things UAS, I mean, it's -- it cuts across military, civilian, border security -- all applications. We have people from all over the country and other countries there, but it's a full conference. It would be a great time for you to come.

The -- we had a hearing yesterday in Homeland Security on MS13 and one of the things that came up from some of the law enforcement personnel that we had there testifying is they would like to have some way to know when on unaccompanied alien children are coming in, there needs to be some way to -- for law enforcement to know where those individuals are going in the country because you know, the average age in MS13 is about 18 years old and they are recruiting them at you know, 14 and maybe even younger in some cases, and so if they come in to the community and they don't have some kind of support network for those individuals, they are very vulnerable to be coerced or to join the gang or be coerced into joining the gangs, so is there something you are doing, can do to coordinate with law enforcement on this issue to try to get at this gang issue -- gang violence problem?

KELLY: It's the first time I have heard of this issue and so I will specifically take it on, but on the unaccompanied minors, I think the Senator knows this that when we -- when they come into our possession, CBP as an example down at the border, if they are young, below -- if they are not adults, then we have to turn them over to Department of Health and Human Services, I think within 72 hours. Usually it is done faster than that, and by the way, this is a huge scam. I mean, they know exactly -- most of them know exactly what they are doing.

They come across. They identify themselves. The people that traffic them up there, their families are actually involved in human trafficking at this point. We will send them up, we turn them over to HHS, they usually have in their pocket, the name, phone number, address of you know, their mom or their uncle or someone who is already here and then HHS will do some, you know, initial vetting of the founder, but if it is a mom or a relative or something, they will be at our expense, turned over to them whether it's Fairfax or North Dakota or whatever.

And most of them don't get involved in crimes, but some do -- many of them do, most don't, some do. And they are perfect for recruiting into the MS13 type gangs and that's not the only one, but that's the obvious one.

So if we don't alert law enforcement, we certainly can and we will, it's a great point.

HOEVEN: Well, as you said, they are turned over to HHS and then there is some checking they do, but what -- these are detectives, police chiefs, police commissioners that we talked to and they were saying, HHS has notification. They talk to Social Services and some of those things, but law enforcement is not getting notified. That's the piece that they were asking for.

KELLY: Yes, I will take that on, Senator. I don't know. It is an HHS thing, but I can put my...

HOEVEN: And I understand you might have to coordinate with HHS, maybe you work with them, but they are saying given the growing numbers with these gangs and this is a recruitment -- part of the recruitment process and they were looking for some help there.

KELLY: The good news is, if I could, in the last 120 days, the number of illegal immigrants or migrants that have come across the border are down by 70%, but the real good number here is that the number of families coming in, unaccompanied minors is down to tiny levels.. So we have almost tamed the tide, but we do frankly have an awful -- big problem with...

HOEVEN: And it relates to your immigration courts and that whole process too and tracking people versus just releasing them into the society, they may have a name. That individual actually may not even, you know, they are not going to take care of them. I know, all of these things are going on and you are trying to get your arms around all of them, this was one where local law enforcement thought they can be more effective in working with you.

And the final question, quickly is, in the terrible, terrible terrorist attack in Manchester, the local law enforcement there has indicated that there has been some information leaked by U.S. authorities. Can you comment on that at all?

KELLY: I can't.

HOEVEN: Okay. I understand in this open setting.

KELLY: Yes, sir.

HOEVEN: Thank you.

KELLY: Thank you, Senator.

BOOZMAN: Thank you, Senator Hoeven. Senator Baldwin?

BALDWIN: Thank you, Mr. Chairman. Mr. Secretary, welcome and thank you for your service. I would like to ask some questions about how the budget prioritizes funding for security related activities across the very diverse DHS mission set. Of course, your attention -- one's attention is naturally drawn to places where there is significant increases versus places where there is significant decreases. The nearly \$3 billion increase for DHS overall includes \$1.6 billion for a border wall.

I would note something that Congress and its Omnibus considerations rejected just a few weeks ago, and certainly hundreds of millions of dollars more for ICE including 850 new officers and 66% expansion of the number of immigration detention beds. I share your commitment to securing the border, but I question whether these significant increases are the most effective way to allocate limited resources to combat the threats that we face?

For example, President Trump's budget reduces TSA's funding by approximately \$200 million compared to the Omnibus including cutting something that has gotten a lot of attention, the 23 Visible Intermodal Prevention and Response teams or VIPER teams. These teams in my mind are critical to the safety of our airports and our transportation systems.

The President's budget also cuts critical support to our state's local law enforcement including cutting \$118 million from the State Homeland Security Grant Program, I think my colleague raised that earlier and \$156 million from the Urban Area Security Initiative, and so given the continued threat, I have to wonder why is the President cutting funding that keeps our communities safe from terrorist attack when there is an overall increase in the Departmental budget, so my question to you, Secretary Kelly, with the nearly \$3 billion increase that you are working with, why did DHS cut these particular programs and what do you assess the impact to be on America's security. How much risk are we taking with these cuts, the ones that I singled out?

KELLY: On the -- taking a look, since I have been the Secretary and I have been briefed on all of the grant programs, take a look at a long hard look at their effectiveness, there are many that clearly are effective, there are others -- it's questionable.

So anyways, we are looking at all of the grant programs across Homeland Security. In terms of some of the grants that you mentioned, and in many cases, from a terrorism point of view, it was clear on 9/11 that I mean, we were shocked into an understanding that we didn't take -- we thought that terrorism was over there and we have learned on 9/11 tragically that it can come here very easily.

And it was clear as I understand it, of course, I wasn't here at the time, but the people that had been in Homeland Security long enough, way back then have informed me that many of these grants were poured into state and local communities because to give them an opportunity to buy equipment that they didn't even think they needed before or to send -- form special units that they didn't ever think they needed before or to get specialized training that they never thought they needed before because of a terrorist threat.

That was 14 to 15 years ago. I would very proudly say that the police departments, state and local and our country today, it's in their DNA to think about this topic unfortunately, and every time whether it is an Orlando, or every time it is San Bernardino or Chattanooga -- I mean, it is obvious to them. The idea is that they are up and running now and the sense is, in terms of the Department and certainly, in the administration that those monies now are not needed as much.

I mean, they are certainly nice to have and I would certainly take money if someone offered -- more money if someone had offered it to me, but where we were looking to save money, this was an area that the sense was that these 15 to 14 years on, these municipalities now, are I would argue, second to none in the world in dealing with whether it is homegrown terrorism active shooter, for whatever reason or a terrorist coming in from outside.

So that's one part of the answer at least.

There are things, frankly, I go back to the grant thing. I have told my people, I want you to look at every grant and then come and brief me, is it working? Then we will keep it if we can afford it. If it is not working or is not working so well, tell me how to adjust it and make it better or we are going to stop it because we don't want to waste the money.

BALDWIN: Let me sort of follow on this topic. Sticking with the Urban Area Security Initiative, I believe that the program and its risk formula is due for an update, and regardless of the cut in funding which I would like to see restored, but I understand and support the need to allocate resources in proportion to risk. But I represent Wisconsin, we have the City of Milwaukee, the biggest city in the state and it has been excluded from eligibility received Urban Area Security Initiative funding since 2011 despite the well supported need for Federal terrorism prevention funding to close the gap that simply can't be closed or filled by the state Homeland Security grant program.

You listed some of the things that were vulnerable too in communities across the country. I think of the tragic 2012 shooting at a Sikh temple in Oak Creek right outside of the City of Milwaukee in which six people were killed and four wounded. Last year, the FBI thwarted a terrorist plot in Milwaukee.

A man had planned a mass shooting of at least 30 people at a masonic temple in the City of Milwaukee. The local fusion center helped prevent that attack and yet, it is not eligible for Urban Area Security Initiative funding and needs more assistance, and finally, like many communities across the country, Milwaukee's Jewish Community Center, it's JCC received multiple bomb threats in recent months, again, but wasn't eligible for the Urban Area Security Initiatives Non-Profit Program.

So Secretary Kelly, in light of repeated calls by terror organizations for their adherence to attack more vulnerable targets in large and small communities alike, I wonder if you agree that it makes sense to increase the Department's flexibility and allow funding to follow the threat and regardless of location?

KELLY: As you pointed out, Senator, you are exactly right. These terrorist threats, particularly the homegrown is not limited to New York City or Las Vegas or Chicago. In fact, every community, small village, town in America is vulnerable. Every city is vulnerable. There is a formula -- as I think the Senator knows that my organization works with state and local and the formula is you know, risk based to establish the risk and I am not entirely familiar with the formula, but I can tell you it has worked every year down to really, the most specific threats and any city that doesn't receive money is simply because in that formula working, the threat is not considered to be high enough.

Now, I say that -- I am not so sure at this point, with the exception of the most obvious targets, Washington DC and say New York, I am not so sure that -- there is just not enough money. Every city and every village in America deserves money if you will get it from the point of view of could terrorism happen there? It is everywhere and that's the -- you know that is the nature of this threat that we are dealing with.

So there isn't enough money in the till because we need an unlimited amount of money, so you know, Homeland Security, FEMA and others work this very, very closely with state and local, they have the formula. They plug in the numbers. They do the threat assessments and they come up with about, I think it's about 33 cities and municipalities that receive money. I think we added two cities to that this year, but in order to do that, we had to take money away from other

municipalities on that list to give the money. Once we have released that list, I mean, there would be kind of hell to pay, I am sure for those people that lost money.

But this terrorist threat is so insidious. It is so decentralized. I worry about the homegrown threat all the time. We can -- I believe, we are doing very, very good. The Department of Defense and the Coalition is doing very good overseas reducing this threat, but the end results of reducing that threat is that the terrorists that are fighting in the caliphate, you know, Syria and Iraq, they are going home.

They are not going home to live normal lives, in fact, they are being encouraged to not be killed in the caliphate fight. Go back to where you came from and just create Manchester type fights. If you were in Europe, I think they will -- their approximation, I will use their approximation, it is about 2,500 of their citizens now fighting in the caliphate. These are kids mostly, men and women that were born and raised in France and Germany. They have legal passports. They have left to go fight in the caliphate.

In many cases, their countries don't know they have left and then they come back so their countries don't know they were ever gone, and now they are hardened warriors that will do things like Manchester.

So as horrible as Manchester was, my expectation is we are going to see a lot more of that kind of attack. We saw in an Indonesian attack yesterday, suicide bombers. So this -- the good news was when they decided to hold Tehran that is in the caliphate in Iraq and Syria, they were holding it, so now we know where to exactly to go and kill them.

Now, they are leaving North Africa. It's a growing problem, but back to your point, every municipality is at risk and we just do the best we can to determine the ones that are kind of the most at risk and we use that formula. It's fair. Everyone has a chance for input. There is not an unlimited amount of money.

BOOZMAN: Thank you, Senator Baldwin. Senator Murkowski?

MURKOWSKI: Thank you, Mr. Chairman and Secretary, thank you for being here and your commitment to service. I want to ask two -- about two issues today. First is H2-B visas and then I want to talk about the arctic a little bit and the resources that we have up there and then also the Northern border. I understand you have been talking a lot about the Southern border, but I would like to talk about the Northern.

H2-B visas, the seafood industry in my state is one of the strongest parts of our economy. Over 78,000 jobs, \$5.8 billion estimated in revenue annually whether it is our crab, our Pollock, our Bristol Bay salmon, we have the largest fisheries and the healthiest fisheries in the world, but the problem that we have is the adequacy of seasonal labor, we just can't get the men and women out to these very, very, very remote communities to meet the demand of the workforce. We cannot get them in the state. We cannot get them in the United States.

And so we have traditionally relied on the opportunities for H2-B visas. On May 5th, the President signed the Appropriations Omnibus that gave authority to you in consultation with the Secretary of Labor to approve additional H2-B visa processing for the remainder of the fiscal year to help many of these businesses, these industries that have been unable to find sufficient employees for this upcoming season. Our problem in Alaska is the timing here because the harvest is later in the year, so other industries around the country basically gobble up that quota and we are left hanging.

The short term fix is in my view, urgently needed for the large employers that are seeking the necessary staff as we prepare for this early summer salmon harvest. We are just a few weeks out here and so, our seafood processors are really operating in real time facing workforce decisions that will have significant economic impact. For most of these communities, for most of these regions, if there is no one to process the seafood when it comes in, there is no place for the boats to deliver. If the boats can't deliver, there is no economy to that community at all.

There is no other source of economy.

So this is very serious for us as we look to address this seasonal worker shortfall so that we can process our seafood within these remote communities. I think we recognize that last minute action is not ideal, but after we resolve these issues, I am committed to working with you to find a longer term solution so that we don't need to revisit this problem year after year.

But I need immediate help to reopen U.S. Customs and Immigration Services their premium processing centers for petition acceptance of new H2-Bs, so that we can get these seafood processing employees in the state. So the question for you is whether or not you do plan to approve additional H2-B visa processing for this year, so that this very important economic opportunity for us in Alaska with our seafood processors can go to work.

KELLY: Well, this is one of those things that I really wish I didn't have any discretion. And for every senator or congressman that has your view, I have another one that says, "Don't you dare. This about American jobs." You know, the argument of both sides. My staff -- members of my staff are coordinating with the Department of Labor on this.

One of the things and I have my working class root background that keeps reminding me that some of these individuals, not necessarily Alaska, but many of these individuals are victimized when they come up here in terms of what they are paid and all of the rest of it. So we are working with Labor -- the Department of Labor to come up with an answer to this.

But we really do need a long term solution so we will work with the Senate and with the Congress and with industry this year and again, I will have my staff when they return from Labor and we get some protocols in place. We will likely increase the numbers for this year, perhaps, not by the entire number I am authorized, but we really do need -- I really look forward to working with you, madam Senator and the whole Congress to get a longer term solution to this.

MURKOWSKI: Well, we need one. I have had the same discussion with Secretary Acosta and recognized the imperative of this, and I am with you. We want to make sure that every American

who wants that job has it and I would welcome anyone in this room to come up, I will sign you up. I will sign up your kids as long as they are 18 years old, but the ability to get U.S. workers again out to these extraordinarily remote places has been very, very, very difficult.

So I would just ask that you work with us and appreciate the timeliness of this issue that we are dealing with right now because the salmon don't care when the permits are issued. They don't care whether or not we have got processors in place, so I appreciate your attention to this.

KELLY: Will do.

MURKOWSKI: I had an opportunity yesterday to ask Admiral Richardson the same question and I recognized the efforts the Coast Guard in partnership with Navy to accelerate the design and the construction of polar ice breakers as we are dealing with a very aging fleet. The Coast Guard's budget has \$19 million for an ice breaker program.

We all know that that doesn't build us an ice breaker, but it is getting us moving. Navy has not requested any funding, so I would ask you as we are developing this FY18 budget what funding is needed to keep the program on its accelerated path? I think it is important that we look to the savings that can be gained by block buying, but we need to have a program in place. We need to have a vision for how we are going to respond as an arctic nation with the infrastructure that we need.

KELLY: Right. I agree, Senator. I mean, we clearly need those types of vessels if we are going to compete in any way in the arctic. I would have to and let me take it for the record or a brief, or whatever, I will get back to you on how the Coast Guard and DHS intends to lay out a comprehensive program to get to the -- I think it's right now, three -- six ice breakers -- three and three, you know that, so I want to get back to you on that.

But I am with you 100% and the fact that we need to have a program that gets us from where we are now, which is pretty humble to at least full up capability with six vessels.

MURKOWSKI: We appreciate that. Mr. Chairman, I had mentioned that there has been a lot of discussion about the Southern border and nobody really thinks about the exposure on the northern end, but the reality is that we are seeing arctic sea ice decreases. It is allowing for greater accessibility, which is all good and interesting, but it also presents some security challenges for the United States as well as Canada.

We do not have Border Patrol. We don't have any security along that entire U.S. Coast that is called Alaska some 33,000 miles of coast line that we have got up there and it is just -- it is an open opportunity, so I won't ask you to comment on this now, but know that one of the things that we are looking at is whether partnerships with Canadian law enforcement and security agencies can come together to help facilitate sharing of information as it relates to security threats in the North American Arctic, whether or not we should consider establishing an Arctic Security Office in partnership with Canada.

These are things that have come about as part of the Arctic Council discussions, but I think is going to require a review in an area that we just haven't been focused on at all.

KELLY: Great point. I haven't thought of it and I will tell you -- and I think you know this, I mean our partnership and information sharing, everything is near perfect with Canada, but I have not felt that point perhaps, even opening an office, but we are on that.

MURKOWSKI: We look forward to discussing with you. Thank you, Mr. Chairman and Ranking Member.

BOOZMAN: Thank you, Senator Murkowski. Senator Tester?

TESTER: Thank you, Mr. Chairman. At this point in time, this hearing has either been going on for too long or just started in your mind. I very much appreciate...

KELLY: I love this.

TESTER: Yes, that's good. And I very much appreciate it. I mean, you know, it's real mental gymnastics because of the size of this Department where you have to jump from issue to issue. I am going to go back and touch base on one that we talked about before this hearing very quickly and we are kind of in the same boat as Oklahoma. I don't know if they have passed a law yet, but we have to obtain compliant license. I anticipate the Governor will sign that law very soon.

And so the question becomes is if we will get an extension. If we are moving fast enough as a state to get DHS's support and that we are actually heading towards a REAL ID compliant license and if you are willing to give an extension or at least give me some sort of idea where we are going to be heading here.

KELLY: Well, Senator, a couple of points, you know, the vast majority of the states have either accomplished the task of the 2000 -- whatever five -- law or really making great progress and will be there very soon. As I mentioned before, in those states that are not nearly as close to completion yet, your state as an example, I have talked to the Governor. There are a couple other states that I have talked to as well that are in the same kind of place offered to send my folks and then we have done that to work with the state to say, "Okay, you're close, so you'll never get..." the point is, in those states, Senator that -- and I don't know where Montana is right now, but in those states, we simply can't get there from here.

I would say that it would not make in my mind sense to give an extension. That said, we are absolutely committed to working with the state's shoulder to shoulder on this to make it happen, but I would offer again to every state that's not compliant as of yet to really start talking to their citizens. We have established a public affairs campaign on our own focused on people to get alternate means of identification.

TESTER: Okay, so back in 2005, we passed that -- I mean, the state legislature back then, we passed a law that said, Montana is not to comply with REAL ID. With this bill that was passed this spring, what it did was, the second line says it all. This bill directs the Montana Department of Justice to issue a Montana driver's license or ID cards that comply with the REAL ID Act of 2005. It strikes that law that was passed in 2005 and directs DOJ in Montana to meet the standard. It's pretty clear.

So, hopefully, if you have any issues in this, let me know because we -- this needs to be solved quite frankly. I think...

KELLY: I mean, you know me, Senator. I want to work it out.

TESTER: Okay, good. And in our domain, one of the issues that were brought up is the rights of the current landowners on the Southern border if a wall was to be built, can you confirm that nothing in this recently passed DHS appropriations act interferes or even facilitates the changes in land owner rights?

KELLY: I can't confirm that. I will get back to you, Senator, if that's all right. I can't confirm it, but I am hyper sensitive to this issue of imminent domain and private property and as we look at places to put the physical barrier, I call the wall, in some places perhaps, it would require an imminent domain action.

But I am very sensitive to that as well.

TESTER: Yes, I mean if what you are looking at is the recently passed Act, look at this one too to make sure it also does not facilitate or interfere. That's a very important issue for me too.

KELLY: You know and my staff tells me that from the -- what is it? The 2008 action on the border, we're still in court on imminent domain issue, so...

TESTER: Yes, I mean, look that's one of the -- there has been a number of questions here today that has been asked by both sides of aisle on the validity and I know it's a term, the wall, but I am seeing a concrete wall in my head when we talk about the wall and I think that as we look at potential reductions in local, and by the way, if there is money to be saved there, the Chairman and I are in with you. Truthfully.

But if this is an issue -- this whole thing that we have been talking about all day is an issue that you know this better than I, you can't make a mistake. And so if you pull away from local and it does in fact create a problem, we haven't done the right thing. The same thing with TSA, the same thing with R&D, same thing with the FEMA stuff, and so that's why I think there is a concern here on -- we're going to spend a ton of money on keeping the Southern border secure and are we really getting the biggest bang for the buck and if we are not, are we sacrificing these other programs which actually can be just as problematic, if possible, you get my drift?

KELLY: I do.

TESTER: Okay. Let's talk about the laptop ban. I appreciate the heads up on it by the way by your people, do you think it should extend beyond the 10 airports that it already is in?

KELLY: Possibly. If I could elaborate this a bit.

TESTER: Yes.

KELLY: What I have learned in the last 120 days as I was not nearly as aware about prior to that in the military is this you know this relentless attempt on the part of terrorist to blow up airplanes in flight. Ideally, big airplanes so there is a lot of people, ideally a U.S. carrier, ideally on the way to the United States. We are watching, I can't get into it in this group, in this room, but we are watching a number of very, very sophisticated advanced threats right now.

I obviously wouldn't -- and it was my decision to make that, I obviously wouldn't have put ten airports on the list in March. But as we look at the threat and how it has morphed, we are looking at perhaps other ways to reinforce the security procedures at every airport in the world.

So it is possible that it would expand.

TESTER: Okay, and what are we doing to enhance existing screening technology to develop new systems? Are we making investments in those?

KELLY: We are.

TESTER: ... types of technologies?

KELLY: Current technology that you typically see at the airports for baggage as well as for people are just about at their limit but we are looking at advancing that.

TESTER: But we are working...

KELLY: We are...

TESTER: So how do you square that with the 21% cut in R&D?

KELLY: Well, as we look to the technology after next, we are working with our international partners. They are in with us. We are working with the airlines themselves, both national and international airlines. We want to share the cost of the R&D, it's in every one's interest to do it.

But ultimately, we have to spend what we need to spend to find the technology to protect air travelers.

TESTER: Okay, so you have the conversations with our allies who have similar mind and airline companies that are...

KELLY: They are willing to do anything not to have me do some of the things that we are contemplating.

TESTER: And money is one thing that they are willing...

KELLY: That's my assumption.

TESTER: And so, here's the deal as we go through this process and I appreciate you, Mr. Secretary, I do, as we go through this process, we can't cut R&D if it ain't going to be back filled somewhere. If it is going to be backfilled somewhere, and by the way, God bless you for looking at it because I think it's good, but we need to know that, okay?

KELLY: Yes, sir.

TESTER: And speaking of TSA, when can we anticipate a nomination to lead the TSA?

KELLY: We are really close.

TESTER: Really close?

KELLY: We are really close.

TESTER: Is that like the end of the week? I would just say look, I have got a ton of stuff and we will put them in for the record. I have a ton questions, and they are all really good and they haven't been asked here before, but I just want to tell you the overall heartburn I have with this budget is -- is it a budget where we're getting the most bang for the buck especially as it applies to the wall? And I don't really care to be honest with you if it's a wall or if it is a drone or if it is manpower. I just want to get the biggest bang for the buck to keep this country safe and I think you're on the same page there.

KELLY: I am.

TESTER: But it may require you telling somebody that this is a better direction to go.

KELLY: I wouldn't hesitate.

TESTER: Good. Thank you. And I know you wouldn't. Thank you.

BOOZMAN: Thank you, Senator Tester. In regard to R&D, the -- one of the huge problems we have is the toxicity of Fentanyl. Do we have the ability or are we working on acquiring or developing something that will detect it and make it such that are our Border Patrol officers, the dogs that are out working these things...

KELLY: We are, Senator, but you know, one of the ways, as you well know, Fentanyl is so powerful. And oh by the way, there is a new thing that is more powerful by a factor, the so-called elephant tranquilizer that is worse or more effective or more -- but we are working with China. They are -- our DEA and others are already over there working with China to try to stop it. But the point is, it is harder than anything else because a tiny, tiny amount goes so far so to speak. So some of these stuff is coming in by the mail.

I visited one of our CVP facilities recently in Seattle, I think, where all the international mail goes through, it is amazing the amount of things that they find to include Fentanyl.

BOOZMAN: This concludes our hearing. Thank you very much for being here. We appreciate your testimony. Also in an effort to really get up to speed, I visited a number of Homeland Security facilities and you should be complimented in a sense that it seems to me like morale is up greatly and the agents -- all of the different agents and agencies that you represent appreciate the fact that they are able to do their job and I think have a great deal of confidence in you.

So we thank you for that.

KELLY: They are really good people.

BOOZMAN: Good people, exactly. The hearing will remain open for two weeks from today. The senators may submit written questions for the record. We ask that the Department respond to them within a reasonable amount of time.

I want to thank you my staff and Senator Tester's staff for their hard work in making the hearing possible. With that, we are adjourned.

END

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